



August 15, 2008

Boards of Assessors
City Auditors and Town Accountants
Mayors and Selectmen

The Bureau of Local Assessment (BLA) and Bureau of Accounts (BOA) stress the following items in preparation of the Tax Rate and/or Pro Forma Recap for FY2009:

Telephone Valuation & Overlay Accounts

A Supreme Judicial Court and two Appellate Tax Board cases have impacted the central valuation of telephone and telegraph companies as well as Overlay Accounts for FY2009. It is expected that the ATB decisions will be appealed regarding points 2 and 3 below. The following is a summary of the resulting changes:

1. wireless telecommunications companies are no longer considered telephone companies subject to central valuation by the Department of Revenue based on the SJC decision. Therefore, cellular/mobile wireless companies were not centrally valued by BLA for FY2009. However, while awaiting the court's decision, the Commissioner developed valuations and associated new growth figures which were given to assessors as "advisory" figures to assist in developing their own valuations in this transition year.

Valuation and new growth documentation (if different from advisory numbers) must be submitted prior to setting the FY2009 tax rate and before new growth figures can be certified. Assessors must use generally accepted mass appraisal methods when locally valuing wireless providers and should not simply accept a proposed value given by a wireless provider.

2. poles and wires of incorporated telephone and telegraph companies over public ways have been found to be taxable under G.L. c. 59, §18, First. Therefore, BLA centrally valued all poles and wires over public ways.
3. construction work in progress (CWIP) and all other taxable property in place but not in service is considered taxable. Consequently, BLA applied that ruling to landline central values and wireless companies' advisory values.

Adequate Overlay account provisions must be made to cover the value of poles and wires erected upon public ways and construction work in progress that also includes property owned but not necessarily in service. For ease of identification, BLA identified advisory values for those properties separately when telephone and advisory values were provided to assessors.

Classification Code Changes

- Assessors must reclassify all personal property of wireless companies to classification code 508 and value them based on their form of legal ownership as non-utility entities.
- Communities that have accepted G.L. Ch. 61, §2A (forest); G.L. Ch. 61A, §4A (farm); and/or G.L.Ch. 61B, §2A (recreational), the provisions that allow classification of any or all three chapter lands, as open space, rather than commercial land, should be aware of the new classification codes 261 through 292.

Property Tax Classification Reminder

Chapter 3, §1 of the Acts of 2004, was repealed in November 2007. As a result, the maximum property tax classification shift from residential to business taxpayers for cities and towns will once again be governed by the formula found in G.L. c. 58, §1A. Under that formula, business taxpayers cannot pay more than 175% percent of their fair cash value share of the property tax levy and residential taxpayers cannot pay less than 50% of their single rate share, or the lowest percentage share of the levy they have paid since classification began, whichever is higher. ([See IGR 07-403 issued November 2007.](#))

DOR “Gateway” Project

The Division of Local Services (DLS) “Gateway” is an on-line process for submission of tax rate, assessment, Schedule A and other municipal financial data for formal review by certain Bureaus within the Division. Local users will be allowed to sign on, check errors, run analytical reports, digitally sign, formally submit and check the status of this data in real time.

For FY2009, all cities, towns and districts are encouraged to submit their Tax Rate and/or Pro Forma Recap via Gateway. Local Services provides on-site overviews of DLS Gateway up to September 30, 2008 upon request. If your community would like to schedule this training or if you require technical assistance, E-mail your request to dlsitgroup@dor.state.ma.us or call 617-626-2350.

Submission of Tax Rate/Pro Forma Recaps via Gateway

When submitting forms via Gateway, BOA and BLA suggest that forms be completed, printed, signed, filed locally (for audit purposes) then submitted via the system. Forward to BOA or BLA only form supporting documentation not entered into Gateway.

BOA and BLA will permit the Deputy/Assistant Assessor to electronically sign (check-off box) on behalf of the Board of Assessors on all forms ordinarily requiring the Board’s signatures provided:

- the Board has given the Deputy/Assistant their approval to do this;
- only data signed by the Board is submitted;
- the Deputy/Assistant indicates the abovementioned including that “signed copies are available on file” in the comment box below their electronic signature.

If you are using the Excel Automated Recap, submit signed forms to BLA and BOA as usual.

Local Aid

Cherry Sheet distributions and assessments have been posted on the DLS website. These are the amounts which must be included in the appropriate lines on page 2 of the Tax Rate and/or Pro Forma Recap. Please be reminded that no amount has been included on the FY2009 Cherry Sheet for school building assistance.

Massachusetts School Building Authority (MSBA)

For FY2009, enter reimbursements from this Authority on page 2, Part IIIa, line 2 of the Tax Rate or Pro Forma Recap. The [FY2009 Estimated Receipts Worksheet](#) will assist you in entering the proper estimate. FY2009 reimbursements can be found on [MSBA's website](#).

For FY2009 Tax Rate and/or Pro Forma Recap purposes, the Bureau will allow as an estimated receipt an amount (a) that is reported on MSBA's website, plus any additional amount (b) that is indicated via separate correspondence from MSBA in excess of the website amount. Be sure not to duplicate any estimated payment.

Review [IGR 08-102](#) for instructions on the receipt of payments and how to properly reserve/apply these payments whether or not a debt exclusion has already been voted. If you have any further questions in this matter, contact your Bureau of Accounts field representative.

Community Preservation Act

A city or town imposing the CPA surcharge for the first time must submit the CPA Surcharge Estimate Worksheet found in the FY2009 Recap and Pro Forma Additional Forms and Instruction book.

For purposes of completing Schedule A-4, part 1a, state trust fund distribution, the Bureau will accept no amount greater than 65% of the FY2008 net (after abatements) surcharge committed unless either:

- the actual FY2009 distribution calculated and published by the Division of Local Services (by law no later than October 15th) shows a greater amount;
- reasonable supporting documentation submitted can support a greater amount.

BOA's Annual March Budget Bulletin

In March of 2008, the Bureau issued its annual budget [Bulletin \(2008-04B\)](#) to local officials indicating the Bureau's position on FY2009 Tax Rate/Pro Forma issues that included estimating motor vehicle excise and investment income, Medicare Part D payments, use of Sale of Real Estate Fund as an estimate receipt and providing for certain deficits.

If you have not already done so, please take a moment to review this important Bulletin.

Appropriating for Enterprise Fund Indirect Costs from the General or Other Fund

Per [IGR 08-101](#), indirect costs are generally appropriated as part of the General Fund operating budget and are allocated to the enterprise fund as reported on Schedule A-2. Do not appropriate these costs in both the General Fund operating budget and in the enterprise fund budget. Local financial officials may wish to show the public all costs of the enterprise fund, but should not duplicate their appropriation. Therefore, reporting of enterprise fund estimated receipts on page 3 of the Tax Rate Recap to offset such duplication should no longer be necessary.

Auto E-Mail for Tax Rate Approval

Tax Rate/Pro Forma approval letters will be E-mailed to Assessors immediately upon approval, provided an E-mail address is reported in the Division of Local Services' Local Officials Directory. Assessors are advised to check their E-mail account in this Directory and notify the city, town or district Clerk if it is incorrect. Assessors without an E-mail address will be notified by mail.

An electronically signed copy of the FY2009 Tax Rate/Pro Forma Recap will be placed on the Division's website on the same day the E-mail approval notification is sent after the form has been approved by BOA.

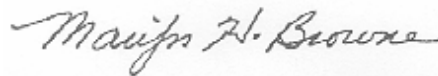
Please review the FY2009 Recap Reminders in the User Guide regarding submission of the automated Recap program by E-mail.

Your BOA and BLA field representatives are ready to assist city, town and district officials in this important process. If you have any questions, please do not hesitate to contact them.

Sincerely,



Gerard D. Perry
Director of Accounts



Marilyn H. Browne, Chief
Bureau of Local Assessment